

THE EQUITABLE LIFE ASSURANCE SOCIETY  
OF THE UNITED STATES  
1285 Avenue of the Americas  
New York, New York 10019

March 21, 1985

10630-V  
CORPORATION NO. \_\_\_\_\_ FILED 1430  
APR 4 1985 -1 55 PM

INTERSTATE COMMERCE COMMISSION

Morgan Guaranty Trust Company  
of New York  
30 West Broadway  
New York, New York 10015

Brae Transportation, Inc.  
Suite 3100  
Four Embarcadero Center  
San Francisco, California 94111

Attention: Patrick J. Crooks  
Trust Officer

Attention: Lawrence W. Briscoe  
President

Gentlemen:

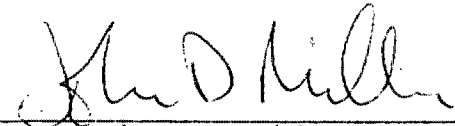
Reference is made to the Equipment Trust Agreement dated as of June 1, 1979, as amended by Amendments dated as of December 7, 1979, December 16, 1979, April 15, 1980, June 1, 1980, September 10, 1980, and October 6, 1982, and as supplemented by a Waiver dated as of January 10, 1980 and a Waiver dated as of March 1, 1980, and a First Supplement dated as of July 15, 1980 (as so amended and supplemented, the "Equipment Trust Agreement") between Morgan Guaranty Trust Company of New York, as trustee (the "Trustee"), and Brae Transportation, Inc., formerly BRAE Corporation (the "Company"). The terms used in this letter which are defined in the Equipment Trust Agreement shall have the same meanings herein as specified therein.

The Company has requested that the Trustee amend the Equipment Trust Agreement in certain respects. This letter constitutes a Written Direction to the Trustee to execute and deliver to the Company, as soon as practicable, an amendment to the Equipment Trust Agreement substantially in the form attached hereto as Exhibit A.

Very truly yours,

THE EQUITABLE LIFE ASSURANCE  
SOCIETY OF THE UNITED STATES

By:

  
Vice President

SEVENTH AMENDMENT

RECORDATION NO. 10630- V  
APR 4 1985 - 1 55 PM

INTERSTATE COMMERCE COMMISSION

SEVENTH AMENDMENT dated as of March 22, 1985 to Equipment Trust Agreement dated as of June 1, 1979, as amended by an Amendment dated as of December 7, 1979, an Amendment Agreement Number Two dated as of December 16, 1979, a Third Amendment dated as of April 15, 1980, a Fourth Amendment dated as of June 1, 1980, a Fifth Amendment dated as of September 10, 1980, and a Sixth Amendment dated as of October 6, 1982, and as supplemented by a Waiver dated as of January 10, 1980, a Waiver dated as of March 1, 1980 and a First Supplement dated as of July 15, 1980 (as so amended and supplemented, the "Equipment Trust Agreement") between MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as trustee (the "Trustee"), and BRAE CORPORATION (the "Company").

R E C I T A L S

The Company has requested that the Trustee amend the Equipment Trust Agreement as more completely described below. The Trustee has received a Written Direction to execute this Amendment from each of the Original Purchasers, which at the present time collectively hold 100% in principal amount of the outstanding Trust Certificates.

Section 9.03 of the Equipment Trust Agreement provides for amendment of the Equipment Trust Agreement under such circumstances.

ACCORDINGLY, THE PARTIES AGREE AS FOLLOWS:

1. The terms used in this Amendment which are defined in the Equipment Trust Agreement have the same meanings herein as specified therein.

2. The definition of "Investments" appearing in Article One of the Equipment Trust Agreement is amended by the deletion of the word "and" at the end of clause (iii), by the deletion of the period at the end of clause (iv) and the substitution of a comma and the word "and" therefor, and by the addition of the following clause at the end of such definition of Investments:

(v) any notes received by the Company or any Subsidiary of the Company as consideration for the sale and transfer of the stock of National Piggyback Services, Inc. (together with BRAE Surface Transportation Group, Inc. and the National Piggyback Specialized Commodities operations) and BRAE Brokerage Services, Inc. (together with Intermodal Brokerage Services, Inc.).

3. Subsection 6.05 (Negative Covenants) of the Equipment Trust Agreement is amended by the addition of the following Subsection at the end of Section 6.05:

(o) Permitted Transaction. Notwithstanding any term, covenant, agreement, condition, prohibition, restriction or provision in the Equipment Trust Agreement to the contrary, the Company and/or its Restricted Subsidiaries and/or its Unrestricted Subsidiaries may sell and transfer the stock of National Piggyback Services, Inc. (together with BRAE Surface Transportation Group, Inc. and the National Piggyback Specialized Commodities operations) ("National Piggyback Services") and BRAE Brokerage Services, Inc. (together with Intermodal Brokerage Services, Inc.) ("BRAE Brokerage Services") for a purchase price of not less than \$55 million, payable in a combination of cash (which shall not be less than \$35 million) and notes (evidencing an unconditional obligation by American President Companies, Ltd. to make payment at 100% of face amount thereon within ninety days of issuance of such notes) representing at least \$22 million for National Piggyback Services and the balance for BRAE Brokerage Services; and provided further that the proceeds from such transaction (including the cash proceeds received upon payment of the notes) shall be used only for general corporate purposes and shall not be used to pre-pay indebtedness of the Company and/or its Restricted Subsidiaries; and provided further that at least \$25 million of the proceeds shall be invested in Investments or used to pay the principal portion of the presently outstanding indebtedness of the Company and its Restricted Subsidiaries (provided that such debt is being amortized in accordance with its terms as at December 31, 1984) to the extent that in any period subsequent to March 31, 1985 the principal portion of the debt service of the Company and its Restricted Subsidiaries has been in excess of the Cash Flow of the Company and its Restricted Subsidiaries for such period. Cash Flow of the Company and its Restricted Subsidiaries for any period shall mean the net income of the Company and its Restricted Subsidiaries plus the amount of any provision for taxes for such period (less any taxes actually paid during such period) plus an amount equal to the amount of depreciation for such period.

4. BRAE Corporation will guarantee the outstanding indebtedness of BRAE Transportation, Inc. as set forth in the Guaranty attached as Exhibit A to this Agreement.

5. Section 6.05(a) is amended by changing the figure \$38,000,000 therein to the greater of (i) \$43,000,000 or (ii) (x) the amount of Consolidated Shareholders' Equity of the Company and its Restricted Subsidiaries as of December 31, 1984 increased on a

pro forma basis to take into account the effect of the Permitted Transaction described in paragraph 3 of this Seventh Amendment, less (y) \$7,000,000.

6. Section 6.05(b) is amended such that the dollar amount specified in the first line of clause (1) of the definition of "Consolidated Net Earnings Available for Restricted Payments" is reduced to \$12,679,000 from \$13,000,000.

7. This Amendment is expressly conditioned on the representation and warranty of Company that neither Company nor any of its Affiliates has paid any consideration, whether in the form of special payments, increase in the interest rate on existing debt, or any other payment, as an inducement to any holder of debt of Company to consent to or waive any requirement necessary to permit Company or any of its Restricted Subsidiaries or Unrestricted Subsidiaries to carry out the terms of the Permitted Transaction described in paragraph 3 of this Seventh Amendment.

8. Except as modified hereby, the Equipment Trust Agreement remains in full force and effect.

9. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original but all of which when taken together shall constitute a single instrument.

10. The provisions of this Amendment and all rights and obligations of the parties hereunder shall be governed by the laws of the State of New York.

11. The Company shall, at its expense, cause this Amendment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303, as soon as possible.

IN WITNESS WHEREOF, the Company and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized and their corporate seals, duly attested, to be hereunto affixed as of the date first above written.

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK, as Trustee

By: 

Trust Officer

(Corporate Seal)

Attest:

  
Assistant Secretary

BRAE TRANSPORTATION, INC.

By:

*Lawrence W. Sussman*  
President

(Corporate Seal)

Attest:

*Glenn Hays*  
ASSISTANT SECRETARY

STATE OF NEW YORK )  
COUNTY OF NEW YORK )

ss.:

On this 22<sup>nd</sup> day of March \_\_, 1985, before me personally appeared MICHAEL CULHANE, to me personally known, who being by me duly sworn, says that he is a TRUST OFFICER of MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a NEW YORK corporation, that one of the seals affixed to the foregoing instrument is the seal of said corporation and that said instrument was on March 22, 1985 signed and sealed on behalf of said corporation, by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

(SEAL)

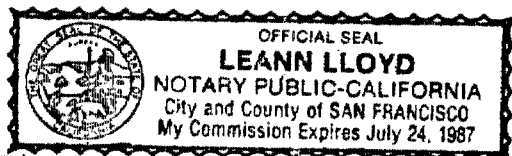
My commission expires:

SUE SCALCIONE  
Notary Public, State of New York  
No. 31-4649545  
Qualified in New York County  
Commission Expires March 30, 1985

STATE OF CALIFORNIA )  
COUNTY OF SAN FRANCISCO )

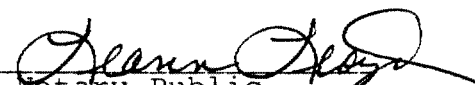
ss.

On this 29<sup>th</sup> day of March \_\_, 1985, before me personally appeared LAWRENCE W. BRISCOE to me personally known, who being by me duly sworn, says that he is the President of BRAE TRANSPORTATION, INC., a Delaware corporation, that one of the seals affixed to the foregoing instrument is the seal of said corporation and that said instrument was on MARCH 29, 1985 signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



(SEAL)

My commission expires: JULY 24, 1987

  
Notary Public

GUARANTY

For good and valuable consideration, the receipt of which is acknowledged, the undersigned (herein "Guarantor"), unconditionally guarantees the full and prompt payment by BRAE Transportation, Inc. (formerly BRAE Corporation) (herein "Obligor"), of the indebtedness of Obligor arising under the agreements appearing on Schedule 1 ("Agreements"). Such guarantee of payment shall include the prompt payment of principal and interest including any amounts due by reason of acceleration or the exercise of other rights or remedies under the Agreements.

The Guarantor agrees that it shall not be necessary, as a condition to enforce this Guaranty, that suit be first instituted against Obligor or that any rights or remedies against Obligor be first exhausted. It being understood and agreed that the liability of the Guarantor hereunder shall be primary, direct, and in all respects unconditional.

Irrespective of the lack of any notice to or consent of Guarantor, its obligations hereunder shall not be impaired in any manner whatsoever by any

- (a) new agreements (other than those expressly releasing this Guaranty) or obligations of Obligor; amendments, extensions, modification, renewals or waivers of default as to any existing or future agreements or obligations of Obligor or third parties or further extensions of credit; or
- (b) adjustments, compromises or releases of any obligations of Obligor, Guarantor or other parties or exchanges, releases or sales of any security of Obligor, Guarantor or other parties.

Notice of acceptance hereof, of default or nonpayment by Obligor or any other parties, of presentment, protest and demand, and of all other matters of which Guarantor otherwise might be entitled, is waived.

Legal rights and obligations hereunder shall be determined in accordance with the laws of the State of New York.

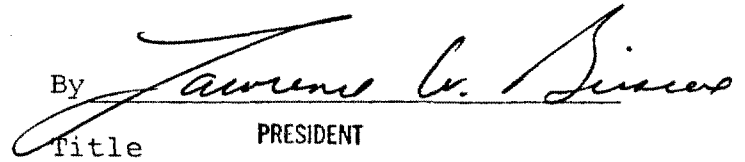
The undersigned corporation warrants for itself that it is authorized by law and by its articles of incorporation to execute this Guaranty, and the officers signing the same warrant that they are specifically authorized thereunto by a duly adopted resolution of the board of directors or the bylaws of the corporation.

IN WITNESS WHEREOF, Guarantor has caused this instrument  
to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_\_\_\_

ATTEST:

BRAE CORPORATION

By



Title

PRESIDENT



Schedule 1

- |                          |   |
|--------------------------|---|
| [Revolver]               | 1. Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (as amended) among BRAE Transportation, Inc. (formerly BRAE Corporation) ("Company") and Manufacturers Hanover Trust Company, The First National Bank of Boston, Berliner Handels-und Frankfurter Bank, The Bank of California, N.A. and Manufacturers Hanover Trust Company; |
| [Citicorp]               | 2. Security Agreement Chattel Mortgage and Lease Assignment dated as of September 20, 1979 between Company and Citicorp Industrial Credit, Inc. (as amended);   |
| [Equitable]              | 3. Equipment Trust Agreement dated as of June 1, 1979 between Company and Morgan Guaranty Trust Company of New York (as amended);   |
| [Prudential-<br>Aetna]   | 4. Equipment Trust Agreement dated as of November 1, 1978 between Company and Morgan Guaranty Trust Company of New York (as amended);   |
| [Teachers]               | 5. Equipment Trust Agreement dated as of May 1, 1980 between The Connecticut Bank and Trust Company and the Company (as amended); and   |
| [Connecticut<br>General] | 6. Equipment Trust Agreement dated as of January 1, 1980 between Company and The Connecticut Bank and Trust Company (as amended).   |